

Agenda Title: Tax Increment Reimbursements
Meeting Date: September 16, 2025
Meeting Type: City Council Meeting - Third Tuesday - Work Session (11:30am) & Afternoon Session (1:00pm)
Department: - Urban Projects
Sponsor: Patrick Young

Agenda Item Description:

Ken Bowers, Planning and Development

The City Council adopted a Tax Increment Grant (TIG) policy on May 4, 2021, creating a new partnership tool whereby the City could reimburse private partners a share of their future tax increment when they enhance their project with public infrastructure or other eligible benefits. The tool has yet to be used, in part because the policy as written is narrowly tailored to large, job-producing projects. Staff proposes a revised, more simple policy leveraging several sources of reimbursement authority to create a program with broader applicability and potential for wider uptake.

Agenda Item Details:

Since the adoption of the current TIG policy, there have been several actions and circumstances that argue for a revised policy. ON October 18, 2022, City Council adopted an ordinance enabling additional reimbursement authority that would allow use of the tool for a broader range of capital projects. On April 16, 2024, City Council adopted a new Partnership Policy which set forth a standardized process for the intake, review, and approval of partnership proposals, of which tax increment grants are a subset. Lastly, there has been increased interest in tax increment grants from the development community as the City has rolled out its larger partnership program. To date, the City's executed partnership and reimbursement agreements have been with projects that are primarily residential, hence ineligible under the current policy.

The revised policy incorporates the following major changes:

- Aligns with the adopted Partnership Policy, incorporating by reference the same intake and evaluation process.
- Amends the investment categories, creating one for significant economic development projects (the target of the current policy) and one for any project proposing critical public infrastructure.
- Amends and simplifies the project requirements.
- Clarifies the reimbursement process and schedule.
- Provides flexibility as to the reimbursement parameters.